

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00  
AID-05 CIAE-00 DODE-00 HEW-04 INR-07 NSAE-00  
PA-01 PRS-01 DHA-02 SCA-01 EB-08 IO-13 SCS-03  
HUD-01 AGRE-00 IGA-02 COME-00 XMB-02 TRSE-00  
OMB-01 FRB-03 SS-15 NSC-05 SP-02 L-03 H-01 /093 R

DRAFTED BY EUR/EE:IMSILINS:SAM  
APPROVED BY EUR/EE:NGANDREWS  
AID/OFDA:EEANDERSON  
AID/NENA:JKNOLL  
H:RPUGH

-----010217Z 116246 /61

O 312356Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BUCHAREST IMMEDIATE

C O N F I D E N T I A L STATE 071603

E.O. 11652:GDS

TAGS:SWEL, EAID, RO

SUBJECT: RECONSTRUCTION ASSISTANCE

REF: BUCHAREST 2357

1. FOLLOWING GUIDANCE IS PROVIDED FOR YOUR UPCOMING CONSULTATIONS WITH ROMANIAN OFFICIALS ON RECONSTRUCTION AID. THIS WILL BE SUPPLEMENTED AS OUR CONGRESSIONAL CONSULTATIONS PROCEED AND ASSISTANCE PACKAGE TAKES MORE DEFINITE FORM.

2. IN YOUR DISCUSSIONS WITH GOR, YOU SHOULD FOCUS SQUARELY ON PROPOSED \$20 MILLION GRANT AID, WHICH HAS STRONG ADMINISTRATION SUPPORT. IF KENNEDY/JAVITS BILL AND HOUSE  
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EQUIVALENT ARE RECONCILED AND APPROVED, AS WE BELIEVE THEY WILL BE, THIS WILL REPRESENT SIGNIFICANT US CONTRIBUTION TO ROMANIA'S RECOVERY EFFORTS, PERHAPS LARGEST FROM ANY COUNTRY. IT IS QUITE POSSIBLE THAT \$20 MILLION GRANT AID WILL BE JUDGED SUFFICIENT US CONTRIBUTION, OBVIATING NEED FOR ADDITIONAL AID. YOU SHOULD THEREFORE AVOID GIVING GOR IMPRESSION THAT \$20 MILLION IS ONLY FIRST

STAGE OF MASSIVE RECONSTRUCTION PACKAGE. WE ARE ACTIVELY EXPLORING APPROPRIATENESS OF FURTHER ASSISTANCE, INCLUDING LOW-INTEREST CREDITS, BUT ARE IN NO POSITION TO MAKE

COMMITMENTS OR RAISE EXPECTATIONS.

3. YOU ARE QUITE RIGHT IN INFERRING THAT BOTH ADMINISTRATION AND CONGRESS INTEND GRANT AID TO BE USED IN MEETING PRIMARILY HUMANITARIAN NEEDS DIRECTLY RELATED TO IMPACT OF EARTHQUAKE. ALTHOUGH LEGISLATION WILL PROBABLY BE QUITE GENERAL AS TO USES FOR WHICH FUNDS ARE AUTHORIZED, SIMPLY CASH TRANSFER IS OUT OF THE QUESTION. FURTHER, ANY PROJECTS WHICH CAN BE SEEN AS SIMPLY SUPPLEMENTING ROMANIAN DEVELOPMENTAL OR INDUSTRIAL GOALS WILL ENCOUNTER SHARP CRITICISM.

4. CONGRESSIONAL SPONSORS OF RECONSTRUCTION AID LEGISLATION ARE HIGHLY SYMPATHETIC TO EXPENDITURES IN MEDICAL FIELD AS A MAJOR COMPONENT OF US ASSISTANCE. WE AND THE CONGRESS SEE CONSIDERABLY ADVANTAGE IN PROVISION OF US EQUIPMENT FOR SINGLE, LARGE PROJECT IN THIS SECTOR, E.G. EQUIPPING A HOSPITAL, HOSPITAL WING, OR CLINIC WITH HIGH-QUALITY US MEDICAL APPARATUS. SUCH A HIGH-VISIBILITY AID PROJECT WOULD SERVE AS CONCRETE SYMBOL OF US HUMANITARIAN CONCERNS. THERE ARE OBVIOUS PITFALLS; COMPLETION MIGHT BE HALD UP BY CONSTRUCTION DELAYS, FACILITY MIGHT BE MADE AVAILABLE ONLY FOR GOR ELITE, ETC. WE WOULD APPRECIATE YOUR VIEWS ON FEASIBILITY OF THIS APPROACH. AS A BENCHMARK, IF SUCH A PROJECT WERE WELL JUSTIFIED, CONFIDENTIAL

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WE SEE NO PROBLEM IN USING SEVERAL MILLION FOR THIS PURPOSE. OUR PRELIMINARY VIEW IS TO AVOID FINANCING ACTUAL CONSTRUCTION, ALTHOUGH TECHNICAL ASSISTANCE IN EARTHQUAKE-RESISTANT DESIGN IS OBVIOUS POSSIBILITY.

5. WITH RESPECT TO HOUSING RECONSTRUCTION OR REPAIR, HERE AGAIN OUR INITIAL PREFERENCE WOULD BE FOR TECHNICAL ASSISTANCE RATHER THAN FINANCING ACTUAL CONSTRUCTION. A TEAM IS BEING ASSEMBLED NOW TO EXPLORE THIS FURTHER AND WILL BE DESCRIBED SEPTEL. ASIDE FROM CONSTRUCTION TECHNIQUES OVER WHICH US WOULD HAVE LITTLE OR NO CONTROL, WE SEE PROBLEM IN US BEING IDENTIFIED WITH SOCIALIST HIGH-RISE TYPE OF DWELLINGS, WHICH ARE STRONG GOR PREFERENCE. WE WOULD APPRECIATE MORE INFORMATION ON BUILDING COMPLEX MENTIONED PARA 6 (B) REFTTEL AS TO NATURE OF PROJECT, LOCATION, AND USE. WITH REGARD TO OFFER OF MANUFACTURING CAPABILITY IN PRE-FAB HOUSING, WE WONDER WHETHER IT WOULD BE WISE TO DUPLICATE PREVIOUS SOVIET AID OFFER.

6. WITH REGARD TO GRANT FOOD AID, IF THIS CAN BE PROVIDED AT ALL, IT WILL BE ADDITIONAL TO \$20 MILLION GRANT AID BILL AND THEREFORE WILL BE TREATED IN SEPARATE CABLES (SEE STATE 70460). WE WILL ALSO REPORT SEPARATELY ON CCC ALTERNATIVES.

7. SEISMOGRAPHIC EQUIPMENT REMAINS PART OF GRANT PACKAGE WE ARE ASSEMBLING AND WILL BE COVERED SEPTTEL. TRANSPORTATION MINISTRY COMPUTER FALLS TOWARD BOTTOM OF LIST OF PRIORITIES FOR GRANT AID (SEE STATE 70777).

8/ WE ARE SEEKING CONGRESSIONAL ACTION ON AUTHORIZATION AND APPROPRIATION FOR FY 77 FUNDS BEFORE EASTER RECESS. PICTURE ON TIMING SHOULD BE CLEARER EARLY NEXT WEEK.

9. WE WILL BE COMMENTING FURTHER ON OTHER ASPECTS OF YOUR PROPOSAL, INCLUDING POSSIBLE EXIM ROLE.  
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## Message Attributes

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**Review Markings:**  
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